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THE KSA PERSPECTIVE

For Apparel Management

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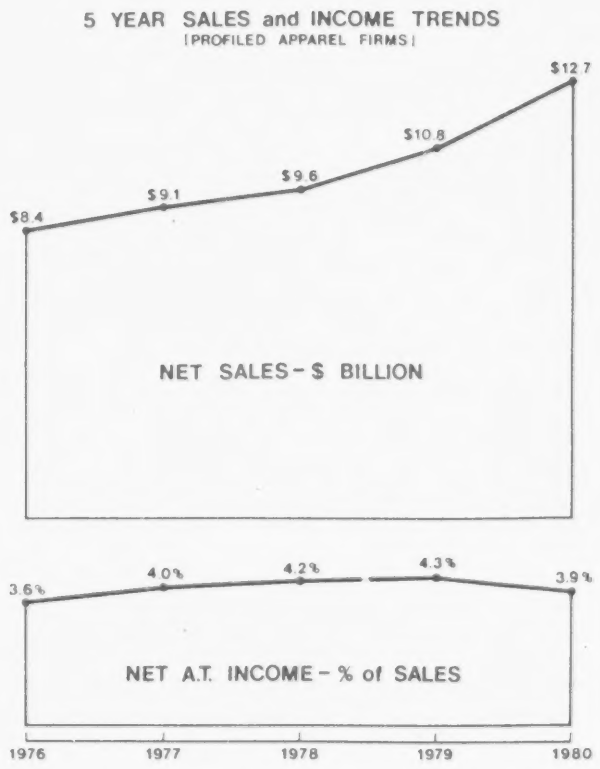
KSA's 9th Annual Apparel Industry Performance Profile

Despite a 17% spurt in sales, the profit rate dipped in fiscal 1980 for 70 public apparel companies.



This does not attempt to portray all public apparel companies—only those 70 firms in KSA's Profile this year.

CONSIDERING that 1980 contained a recession, a slight decline in the net profit performance of 70 public apparel corporations profiled this year hardly seems noteworthy—except that sales for those companies jumped a vigorous 17.5% over 1979. Graphic evidence of the disparity appears at the right; a gain of almost $1.9 billion in volume yielded only $34.7 million in additional net profit last year. That rate—a mediocre 1.8%—pulled the sample's composite profit under 4% for the first time since 1976.

What happened? Despite the sharp set-back suffered by the general economy in the second quarter of 1980, apparel was again able to go its own way. The volume advances registered by the companies in this year's Profile, as well as by the apparel manufacturing subsidiaries of conglomerates, were substantially ahead of inflation. Yet their financial performances in almost all other respects were down from the high figures recorded in 1979.

Interest and SG&A Expenses Up

A close look at the composite profit and loss data for all 70 manufacturers in KSA's Apparel Profile for fiscal 1980 provides two quick answers. Interest expense rose to 1.8% of sales, up from 1.5% in 1979 and 1.3% in 1978. Selling, general, and administrative expenses reached 19.3% in fiscal 1980, as compared with 18.7% and 17.8% in the two preceding years.

The impact of these two factors is appreciated when percentages are converted to dollars. Together, they were $494 million greater than the same companies' 1979 SG&A and interest expenditures, using up most of the $574 million gain in gross profit that extra sales dollars generated. (Last year's cost of goods sold shrank to its lowest level in five years—71.8%.)

Higher interest expenses need no explanation, but they still hurt. Companies in the Profile paid an extra $64.4 million in interest last year, almost twice their gain in after-tax income. The industry's heavier spending on advertising (especially TV), designer labels, and other types of sales promotion may be less widely appreciated. It was considerable, and will probably accelerate.

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HOW INDUSTRY SECTORS COMPARE . . .

Sub-Industry and Year	No. of Firms Reported	Sales ($000)	Net Income ($000)	Net A.T. Income on Sales %	Return on Total Equity %	Total Debt to Assets	Return on Total Assets %	Sales to Total Assets	Gross Margin %	Oper. Margin %	Inv. Turns	Return on Invested Capital %
Women's & Children's Wear (W)												
1980	28	2,034,629	35,337	1.74	6.30	.46	3.40	1.95	25.66	5.42	3.91	4.94
1979	28	1,887,823	2,843	.15	.52	.46	.28	1.86	25.15	5.85	3.70	.40
Men's & Boys' Wear (M)												
1980	22	2,907,093	58,218	2.00	7.78	.55	3.42	1.71	23.23	6.41	3.04	4.96
1979	22	2,634,224	74,933	2.84	10.56	.54	4.78	1.68	22.86	6.09	3.02	6.95
Diversified Apparel Mfg. (D)												
1980	20	7,747,502	400,794	5.17	18.96	.50	9.40	1.81	30.78	10.79	3.28	15.08
1979	20	6,273,227	381,857	6.09	20.33	.49	10.18	1.67	30.77	11.42	3.19	16.27
Composite Total ■												
1980	70	12,689,224	494,349	3.90	14.44	.51	7.06	1.81	28.23	8.93	3.30	10.87
1979	70	10,795,274	459,633	4.26	14.67	.50	7.26	1.70	27.86	9.15	3.22	11.13

■*Excludes conglomerates, miscellaneous and multi-industry firms.*

CLASSIFICATIONS

The list of firms on page 3 has three purposes:

1. To show the sales and net after-tax income of the public companies in this Profile who derive 50% or more of their total sales volume from apparel manufacturing. These firms are classified by the letters M (primarily Men's and Boys' Wear), W (primarily Women's and Children's Wear), and D (Diversified Products—neither men's wear nor women's wear predominate in the product mix.)

2. To indicate the *manufacturing* sales volume of firms who derive between 20% and 50% of their total revenues from apparel manufacturing. These companies are classified as I (Miscellaneous and Multi-industry.) Also included in this category are companies who make sewn products such as gloves.

3. To indicate the manufacturing sales volume generated by the apparel divisions of large, multi-industry firms—conglomerates (C). Although such volume does not represent 20% of the total sales of these companies, it is over $50 million and hence, too large to ignore. Apparel manufacturing sales are isolated on the basis of annual report data or information furnished by the companies. (Unfortunately, after-tax earnings on such sales were not available.)

Although only their apparel manufacturing sales volume appears on the opposite page, total sales and income of the Miscellaneous and Multi-industry (I) firms, plus other key financial ratios, appear on page 8. These ratios are not shown for the conglomerates because their small percentage of apparel volume makes the total company ratios irrelevant to this report.

DISCLAIMER

The information presented in this Performance Profile was obtained from available annual reports made by public companies to their stockholders and to the Securities and Exchange Commission. While we believe the information furnished to be reliable, no representations are made as to the accuracy thereof. Kurt Salmon Associates assumes no responsibility for any errors in the Performance Profile, whether of omission or commission. Information presented herein is based solely on publicly available data; the confidentiality of KSA's client relationships has been maintained throughout. KSA's Financial Performance Profile is intended solely for the statistical information of the purchaser. It is not a representation, prospectus, or circular in respect of any stock or security of any corporation. The data and comments contained herein do not constitute investment advice in any form.

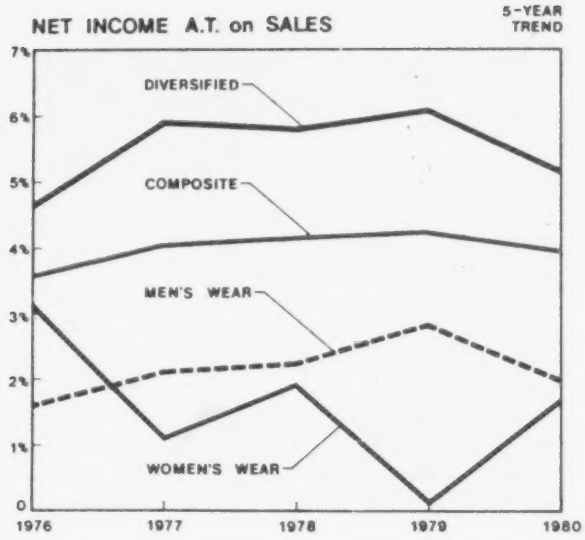
SALES AND EARNINGS

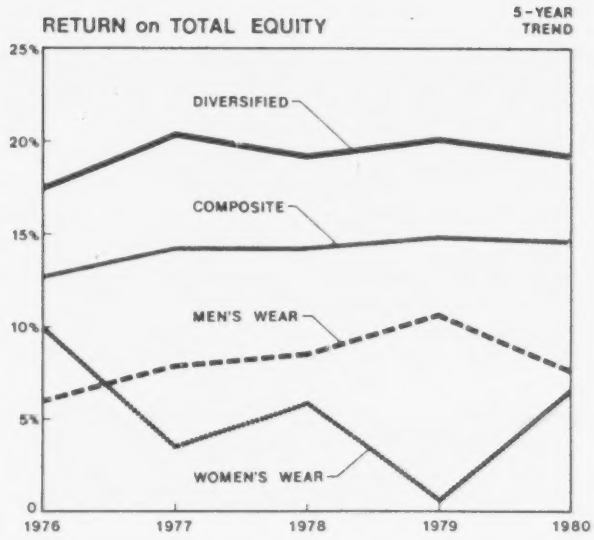
Sales Rank 80	Sales Rank 79	Company	Sales ($000)	Net Income ($000)	80	79
1	1	Levi Strauss 11/80-D	2,840,844	223,689	1	1
2	2	Blue Bell 10/80-D	1,397,760	67,910	2	2
3	3	Interco 02/80-I	809,723	*	*	*
4	4	Cluett Peabody 12/80-M	747,012	15,602	6	4
5	5	VF Corp. 12/80-D	633,770	45,887	3	3
6	7	Northwest Ind. 12/80-C■	605,000	*	*	*
7	6	Kellwood Co. 04/80-D	545,568	216	55	21
8	8	Gulf & Western 7/80-C■	515,000	*	*	*
9	9	Warnaco, Inc. 12/80-D	465,009	16,590	5	5
10	*	Jonathan Logan 12/80-W	438,716	6,637	13	70
11	12	Palm Beach Co. 10/80-D	407,754	14,169	7	8
12	16	Consolidated Foods 5/80-C■	400,000	*	*	*
13	11	Phil-Van Heusen 01/80-M	380,668	7,704	10	11
14	10	Manhattan 01/80-D	354,190	−13,150	70	10
15	13	General Mills 5/80-C■	306,350	*	*	*
16	17	Salant Corp. 11/80-M	280,700	640	43	32
17	15	Hart, Sch.& Marx 11/80 -I	269,955	*	*	*
18	14	Oxford Ind. 05/80-D	266,761	5,832	15	12
19	19	Russell Corp. 12/80-D	238,357	20,812	4	6
20	22	Rapid American 01/80-C■	207,000	*	*	*
20	20	U.S. Industries 12/80-C■	207,000	*	*	*
22	21	Bobbie Brooks 05/80-W	206,907	−5,296	69	9
23	23	Chesebrough-Ponds 12/80-C■	203,542	*	*	*
24	18	Leslie Fay 04/80-W	195,401	3,031	25	14
25	28	Tultex 11/80-M	181,740	7,516	11	15
26	29	Russ Togs 01/80-W	177,514	8,518	9	13
27	24	Genesco 07/80-I	175,283	*	*	*
28	27	Wm. Carter Co. 12/80-W	171,071	6,043	14	20
29	26	Work Wear Corp. 12/80-D	162,755	3,115	24	17
30	25	Puritan Fashions 12/80-W	162,151	−3,441	65	16
31	31	Munsingwear 12/80-M	133,530	−3,848	66	37
32	33	Garan 09/80-M	128,481	6,845	12	18
33	38	Farah Mfg. Co. 10/80-M	122,680	5,417	17	19
34	34	Bayly Corp. 10/80-M	116,643	1,887	30	23
35	37	Champion Prod. 12/80-D	108,913	3,902	20	24
36	36	Kennington 12/80-M	102,800	13,339	8	7
37	35	Hampton Ind. 12/80-M	101,511	3,199	23	25
38	39	Stanwood Corp. 08/80-M	97,146	5,092	18	22
39	32	Talley Ind. 03/80-I	95,074	*	*	*
40	40	Billy the Kid 09/80-M	92,469	1,825	33	38
41	41	Chromalloy Amer. 12/80-C■	85,008	*	*	*
42	48	Superior Surg. 12/80-D	72,940	2,351	27	35
43	47	Pat Fashions 11/80-W	72,106	3,222	22	28
44	49	Aileen 11/80-W	71,437	5,718	16	49
45	44	After Six 06/80-M	70,316	264	52	42
46	54	House of Ronnie 06/80-W	62,666	3,997	19	26
47	45	Wayne-Gossard 12/80-M	59,752	632	44	65
48	43	Wilson Bros. 12/80-M	56,671	−3,954	67	68
49	51	Fritzi of Calif. 09/80-W	56,481	700	41	29
50	56	Unitog Company 01/80-D	56,398	2,011	28	41
51	59	Oneita Knitting 12/80-M	54,022	1,989	29	34
52	62	Olga Co. 12/80-W	47,362	1,840	31	39
53	63	Quality Mills 12/80-M	47,292	−2,605	62	27
54	57	Movie Star 05/80-W	46,187	1,359	35	31
55	46	Harwood Co. 12/80-M	45,571	−4,797	68	67
56	67	Oshkosh B'Gosh 12/80-D	42,557	3,300	21	33
57	61	Damon Creations 04/80-M	41,226	556	45	45
58	76	Nexus 07/80-D	41,076	413	49	48
59	64	Country Miss 09/80-W	40,992	2,644	26	30
60	65	Raven Ind. 01/80-D	38,383	1,833	32	36
61	58	Jack Winter 11/80-W	37,706	−3,021	64	62
62	68	Abe Schrader 07/80-W	37,245	1,202	36	59
63	72	Miller Bros. 09/80-I	33,302	371	*	*
64	52	Boss Mfg. 03/80-I	33,082	*	*	*
65	78	CS Group (Sue Ann) 03/80-W	29,857	1,051	39	44
66	81	Noel Industries 10/80-D	29,171	525	46	57
67	73	Spencer Cos. 05/80-I	29,111	*	*	*
68	66	Opelika Mfg. 09/80-I	27,639	*	*	*
69	74	Joni Blair 06/80-W	26,874	223	54	66
70	77	Harvey Woods 12/80-M	26,865	315	51	46
71	69	Richton Int'l 04/80-I	25,457	*	*	*
72	70	Kleinert's 09/80-W	25,291	−2,864	63	69
73	85	Biltmore 12/80-I	23,157	808	*	*
74	83	Doe Spun 04/80-W	23,143	1,083	37	40
75	71	Hers Apparel 02/80-W	22,866	−120	58	53
76	79	Barco of Calif. 06/80-D	21,967	472	48	47
77	80	Fownes Bros. 12/80-I	21,672	1,272	*	*
78	90	Nantucket Ind. 02/80-W	18,062	1,012	40	55
79	96	Mack Shirt Corp. 12/80-W	17,568	1,502	34	51
80	93	King Louie Int'l 01/80-D	17,283	1,078	38	43
81	91	State-O-Maine 02/80-M	12,686	245	53	52
82	95	Martha Manning 12/80-W	9,544	−457	60	64
83	100	Felco Sports 08/80-W	9,190	143	56	61
84	97	Howard B. Wolf 05/80-W	8,428	504	47	50
85	104	Bi-State Ind. 03/80-W	7,892	693	42	58
86	99	Fox Knapp Mfg. 05/80-M	7,312	355	50	54
87	101	Kate Greenaway 01/80-M	6,602	−583	61	63
88	106	Profile Sports 02/80-D	6,046	−161	59	56
89	102	ProGroup 09/80-I	5,656	*	*	*
90	105	Kappa Frocks 10/80-W	5,370	−3	57	60

Total Sales $17,082,735

Unavailable

■*Estimated; may include some non-apparel sales.*





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Fewer but Larger

Other salient features of this year's Profile have a familiar ring by now. The big jump in sales volume only emphasizes continued growth and consolidation among the larger firms. Our list of sales figures on page 3 shows 37 companies and subsidiaries of conglomerates with 1980 apparel manufacturing volumes over $100 million, as compared with 34 last year. Four firms moved up into the charmed circle, and one (Jantzen) left it via merger. Total volume for the $100 million-plus companies came to $14.7 billion, up about 24% from 1979. So the larger apparel firms are taking an increasing share of the total pie.

The consolidation trend is reinforced when we count the number of public companies deriving more than half their sales from apparel manufacturing in this year's Profile—70 as compared with 84 last year. Among the missing, four were acquired by larger firms in apparel and elsewhere—Tobias Kotzin, Jody Tootique, and Stardust in addition to Jantzen. Some are in Chapter XI, and a few have gone private, or failed to file reports in time for this study.

Each of our last four Apparel Profiles has been smaller than the previous one, and we expect this trend to continue. The surviving public companies should continue to record bigger and better financial performances in future Profiles.

Diversified Firms Strongest

The 20 firms producing roughly equal portions of apparel for both men and women tend to be larger in size and better in performance year after year, and 1980 was no exception. Diversified companies outperformed women's wear and men's wear producers by factors of two and three times.

In return on total equity, for example, Diversified's composite 19%, although down slightly from 1979, was 2.4 times better than Men's Wear, and three times as good as Women's Wear. This sector's profit performance of 5.2% on sales contrasts with 2% for Men's Wear, 1.7% for Women's Wear, and 3.9% for the entire Profile.

Cost of goods sold for diversified firms was a composite 69%—5% below Women's Wear, 7.5% below Men's Wear, and a strong argument for investment in more productive technology. As a group, diversified companies earmarked 3.3% of their sales for capital investment, in contrast to 1.5% for women's wear firms and 1.6% for men's wear producers. Of every dollar invested in new plant and equipment by this year's sample, 76¢ came from the diversified sector.

Women's Wear Roller Coaster

This year's Profile contains 28 public companies who are primarily producers of women's and children's wear, 11 fewer than last year. However, total volume for the category is higher due to the reappearance of Jonathan Logan, whose annual report was filed too late for inclusion in our fiscal 1979 study. Each Profile deals with a different sample of companies, so accurate year-to-year comparisons can only be made within a given Profile. There is no carry-over from one report to the next.

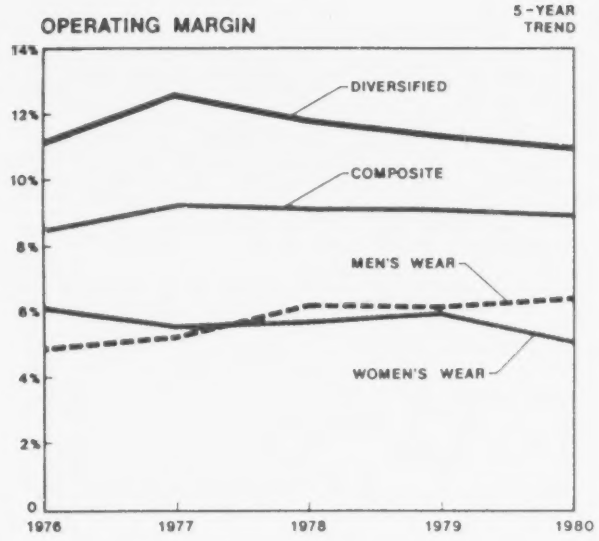
This year's pattern of women's wear performance—for 1980 and the previous four years—is significantly different from the one published last year, which did not include Logan. It traces the ups and downs traditionally associated with the volatile fashion apparel markets. (See Five-Year Trend charts on pages 4-5.)

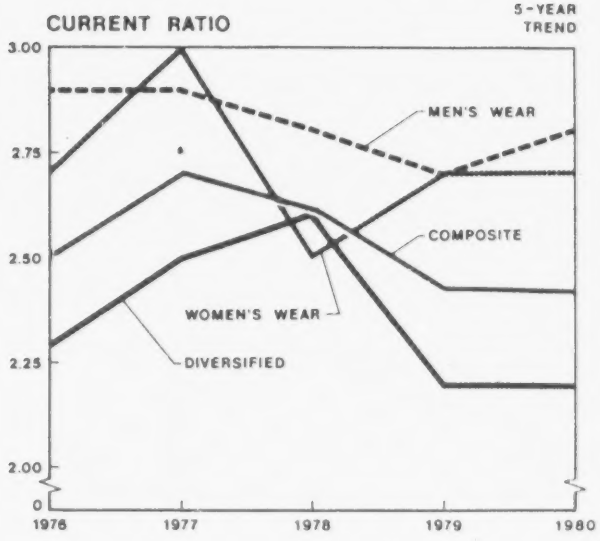
Fiscal 1980 showed recovery from a poor 1979, but only to mediocre performance levels. Profit on sales was 1.7% for the group, and return on equity rose to 6.3% (as opposed to 14.4% for all apparel.) One of the main reasons for such weak figures by Women's Wear is its high 20% cost for SG&A.

Despite its poor group performance, Women's Wear places several firms among this year's individual Top Performers—including Bi-State, House of Ronnie, Nantucket, Doe Spun, and

CAPITAL EXPENDITURE AS A % OF SALES

	Women's Wear %	Men's Wear %	Diversified %	All Industry Composite %
1977	2.00	1.92	2.17	2.07
1978	1.63	2.01	2.57	2.25
1979	1.29	1.90	2.56	2.18
1980	1.53	1.63	3.26	2.61





Country Miss. The last makes its farewell appearance in this Profile, having been acquired by Hart, Schaffner & Marx recently. Country Miss thus joins other medium-sized companies (Collegetown, Queen Casuals, Oak Hill, Donnkenny, et al) whose superior performances have attracted the attention of corporate shoppers—in the process removing themselves from further consideration in the Profiles.

Since 1976, the women's and children's wear manufacturers in this Profile recorded a composite 1.6% profit on sales, and only eight of the 28 in this sector have been able to exceed the total industry's five-year composite of 3.5%. Consistently good performance in Women's Wear is hard to find.

Men's Wear: Down and Dull

In the men's and boys' wear sector, fiscal 1980 performance was down for the 22 firms represented, despite a reasonably healthy increase in sales. Net income dropped from 2.8% of sales to 2%; return on total equity slid to 7.8%—its lowest level in four years. Outside of active wear and knit shirts, there seems to be no fashion excitement in this area. Kennington continues to dominate the individual performance rankings, however.

Interest expense was 2.5% of composite sales in Men's Wear—the highest for all groups. Although these firms maintained the lowest SG&A figure (16.8%), it probably cost them some sales growth. After-tax profit dollars for all 22 men's wear companies profiled this year were only $800,000 greater than they were two years ago, although their total sales increased by over $400 million during the same period.

Some large-volume members of this sector, suffering from an assortment of problems over the past few years, have been a drag on the composite performances of Men's Wear. Those tied closely to the large retail chains encountered rocky going during the period.

At the same time, a close inspection of individual men's wear company returns in the Profile shows that there were some strong turnarounds registered since 1978. Farah added more than $9 million in profits on a volume gain of $37 million; PVH's numbers were $11.5 million on a $49 million sales improvement. Men's Wear presents a mixed picture, but the over-all movement has been downward.

A Widening Gulf

The largest 23 firms' total sales were almost 25-times greater than the aggregate volume of the smallest 23 companies this year—which is another way of highlighting the widening gulf between the top tier of companies and the rest of the industry.

However, the performances of individual companies, as expressed in their various return ratios and other measures, bear little direct relationship to size; the 14 firms with losses in fiscal 1980 included the 10th (Manhattan) and 14th (Bobbie Brooks) largest volumes as well as the three smallest ones (Kate Greenaway, Profile Sports, and Kappa Frocks.) The frequency of poor performances was slightly tilted towards the smaller firms, but not to the same degree as in previous years.

Similarly, the Top Performers this year include two $7 million companies (Bi-State Industries and Fox Knapp) as well as giants like Levi and VF. When unweighted individual company performance ratios are considered instead of group composites, the apparel industry's infinite variety jumps into

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RESULTS OF THE FIVE LARGEST FIRMS

(Levi Strauss, Blue Bell, Cluett, VF, Kellwood)

	Five-Firm Composite	All-Industry Composite
Total Sales ($000)	$6,164,954	$12,689,224
Total Income ($000)	353,304	494,349
Net A.T. Income on Sales	5.7%	3.9%
Return on Total Equity	20.4%	14.4%
Operating Margin	11.4%	8.9%

APPAREL PERFORMANCE PROFILE—FISCAL 1980

(Excludes Conglomerates, Miscellaneous Apparel and Multi Industry Firms)

80 Sales Rank	Company	Net A.T. Inc. on Sales %	80	79	Return on Total Equity %	80	79	Total Debt To Assets %	80	79	Return on Total Assets %	80	79	Sales To Total Assets %	80	79	Gross Margin %	80	79	Operating Margin %	80	79	Inventory Turns %	80	79	Return on Invested Capital %	80	79
63	Abe Schrader 07/80-W	3.22	27	53	10.54	28	54	.19	66	68	8.47	16	54	2.62	8	11	28.61	21	43	6.10	38	64	5.81	7	8	10.54	21	54
45	After Six 06/80-M	.37	49	43	.98	50	48	.63	15	16	.36	50	48	.96	70	69	27.95	25	17	5.44	41	34	1.69	69	68	.59	50	48
44	Aileen 11/80-W	8.00	+	49	14.05	+	52	.23	65	62	10.74	+	50	1.34	64	66	24.09	47	60	7.59	31	62	4.35	21	34	12.15	+	52
77	Barco of Calif. 06/80-D	2.14	32	31	4.14	46	44	.13	68	68	3.56	36	32	1.66	44	39	25.97	34	27	3.99	55	42	2.54	60	58	4.08	41	40
34	Bayly Corp. 10/80-M	1.61	39	28	8.06	35	17	.49	40	26	4.06	33	22	2.51	9	14	15.83	64	58	4.52	49	37	4.89	10	18	5.73	36	23
66	Bi-State Ind. 03/80-W	8.78	2	45	58.08	1	18	.56	26	13	25.47	1	30	2.90	4	3	33.61	8	44	16.48	2	55	8.55	1	2	58.08	1	8
40	Billy The Kid 09/80-M	1.97	35	45	10.80	26	38	.68	12	9	3.42	39	46	1.73	40	35	25.89	36	41	5.00	43	46	3.51	35	40	5.07	38	43
2	Blue Bell 10/80-D	4.85	12	7	16.94	16	9	.53	33	40	7.81	19	12	1.60	50	55	29.65	17	12	10.15	13	7	2.84	51	49	14.78	12	7
22	Bobbie Brooks 05/80-W	– 2.55	55	+	– 16.52	58	+	.61	18	19	– 6.33	57	+	2.47	11	19	24.67	44	22	.66	63	36	4.59	16	16	– 9.47	58	+
35	Champion Prod. 12/80-D	3.58	21	25	10.47	30	31	.34	58	45	6.87	23	29	1.91	30	33	26.36	31	35	8.69	23	22	3.16	45	47	8.47	25	31
4	Cluett Peabody 12/80-M	2.08	33	39	7.47	37	41	.51	36	38	3.65	35	39	1.75	37	40	25.52	40	46	6.96	34	52	3.02	47	38	4.95	40	41
60	Country Miss 09/80-W	6.45	7	10	26.32	4	4	.46	42	26	14.07	5	5	2.18	19	15	34.29	5	6	13.05	7	5	4.10	22	15	23.99	2	5
66	CS Group 03/80-W	3.52	25	18	18.97	13	13	.55	30	19	8.38	17	19	2.38	15	27	30.52	14	9	6.20	37	31	6.08	5	6	12.51	14	22
58	Damon Creations 04/80-M	1.34	43	44	4.09	47	46	.45	46	40	2.22	44	44	1.64	47	32	29.44	18	23	4.62	48	44	3.23	43	42	2.75	46	45
75	Doe Spun 04/80-W	4.67	16	6	21.01	9	6	.51	36	60	10.18	11	2	2.17	20	13	33.78	6	7	10.59	12	8	3.34	36	29	14.87	11	3
33	Farah Mfg. 10/80-M	4.41	+	+	27.46	+	+	.71	8	2	7.76	+	+	1.75	37	57	27.17	30	38	7.47	32	51	3.72	31	33	10.50	+	+
84	Felco Sports 08/80-W	1.55	40	55	5.30	42	55	.56	28	32	2.28	43	55	1.46	61	62	24.66	45	56	4.15	53	59	2.56	58	55	3.93	42	55
87	Fox Knapp 05/80-M	4.85	12	22	10.07	31	42	.35	57	45	6.45	26	37	1.33	65	64	19.40	60	47	3.88	56	32	1.32	70	69	8.32	26	37
49	Fritzi of Calif. 09/80-W	1.23	44	19	5.15	43	19	.32	61	63	3.50	37	7	2.82	5	4	23.51	49	30	1.98	58	33	6.47	4	3	5.02	39	11
32	Garan 09/80-M	5.32	11	13	15.07	19	29	.41	50	55	8.82	13	21	1.65	46	43	23.93	48	48	9.60	17	21	4.65	15	17	11.96	18	26
37	Hampton Ind. 12/80-M	3.15	29	30	12.41	23	26	.41	50	32	7.24	22	25	2.29	17	22	19.50	59	57	8.41	26	18	4.72	12	23	8.67	24	33
71	Harvey Woods 12/80-M	1.17	45	29	4.37	45	34	.58	26	19	1.80	46	38	1.54	57	61	25.71	38	11	4.91	45	19	1.98	68	67	3.28	45	24
56	Harwood Co. 12/80-M	–10.52	64	60	–113.69	65	61	.62	16	9	–42.59	65	61	4.04	3	12	16.81	63	64	1.51	59	65	4.69	14	20	–81.98	65	61
76	Hers Apparel 02/80-W	– .52	53	47	– 2.25	53	45	.50	38	37	– 1.12	53	45	2.14	22	8	22.23	53	50	– .46	65	60	4.10	22	5	– 1.42	53	46
46	House of Ronnie 06/80-W	6.37	8	9	20.91	10	11	.41	50	52	12.31	8	9	1.93	29	33	27.53	27	28	12.95	8	6	3.26	41	45	19.70	7	6
85	Howard B. Wolf 05/80-W	5.98	+	+	8.92	+	+	.17	67	70	7.38	+	+	1.23	66	65	32.83	9	10	5.93	39	47	2.01	67	65	8.87	+	+
62	Jack Winter 11/80-W	– 8.01	62	56	– 9.41	54	56	.11	70	67	– 8.30	59	56	1.03	68	68	24.51	46	36	–11.25	70	68	3.84	29	31	– 9.33	56	56
10	Jonathan Logan 12/80-W	1.51	42	63	4.69	44	62	.43	48	38	2.63	42	63	1.74	39	49	20.82	55	51	4.02	54	54	3.84	29	24	3.79	44	62
70	Joni Blair 06/80-W	.82	48	62	6.07	41	63	.67	13	6	1.98	45	62	2.39	14	17	14.33	68	70	4.21	52	70	4.48	17	35	6.07	34	63
91	Kappa Frocks 10/80-W	– .05	52	54	– .37	52	53	.58	26	45	– .15	52	53	2.72	6	2	22.81	51	54	.68	62	63	6.69	2	1	– .35	52	53
88	Kate Greenaway 01/80-W	– 8.83	63	59	– 92.98	64	59	.54	32	17	–42.27	64	60	4.78	1	9	28.55	22	15	– 3.68	66	66	3.96	26	49	–80.63	64	60
7	Kellwood Co. 04/80-D	.03	51	50	.27	51	47	.77	3	4	.06	51	49	1.58	53	40	15.12	66	67	4.96	44	50	2.55	59	62	.14	51	47
36	Kennington 12/80-M	12.97	1	1	24.12	6	1	.13	68	66	20.76	2	1	1.60	50	37	33.71	7	3	20.06	1	1	3.27	40	42	23.98	3	1
81	King Louie Intl. 01/80-D	6.23	9	3	12.91	22	22	.33	59	57	8.58	15	13	1.37	63	67	55.80	1	1	12.45	9	2	3.29	39	25	10.23	22	19
73	Kleinert's 09/80-W	–11.32	65	64	– 42.59	61	64	.72	7	7	–11.76	63	64	1.03	68	70	9.60	70	69	3.81	57	49	2.06	66	70	–25.84	63	64
24	Leslie Fay 04/80-W	1.55	40	34	7.07	38	23	.46	42	45	3.81	34	18	2.45	12	7	31.31	11	24	6.24	36	38	4.48	17	10	5.79	35	21

1	Levi Strauss 11/80-D	7.87	4	2	26.89	3	3	.42	49	40	15.37	4	3	1.95	28	47	36.61	3	4	14.23	5	3	3.71	32	28	23.05	4	2
80	Mack Shirt Corp. 12/80-W	8.54	+	+	*	+	+	1.23	1	1	40.22	+	+	4.70	2	1	28.41	23	34	11.15	11	17	6.05	6	9	*	+	+
14	Manhattan 01/80-D	– 3.71	58	40	– 29.36	60	21	.69	10	13	– 8.82	60	35	2.37	16	25	27.34	28	14	.69	61	48	3.67	33	30	–13.64	59	34
83	Martha Manning 12/80-W	– 4.78	59	58	– 11.37	56	58	.33	59	60	– 7.53	58	58	1.57	54	52	20.02	57	53	– 6.38	69	69	3.21	44	37	– 9.36	57	58
55	Movie Star 05/80-W	2.94	30	14	8.05	36	28	.27	64	57	5.86	28	15	1.99	27	25	25.93	35	33	4.80	46	26	2.69	57	54	7.54	30	18
31	Munsingwear 12/80-M	– 2.88	57	48	– 11.26	55	49	.59	23	32	– 4.54	55	47	1.57	54	50	25.56	39	32	.41	64	58	2.81	54	52	– 7.12	54	49
79	Nantucket Ind. 02/80-W	5.60	10	42	36.78	2	24	.69	10	2	11.29	10	43	2.01	24	43	24.88	42	59	13.70	6	35	4.74	11	11	22.46	6	36
59	Nexus 07/80-D	1.00	47	33	6.93	39	27	.78	2	35	1.48	47	27	1.48	60	18	22.54	52	39	9.82	16	39	4.72	12	7	2.51	47	29
67	Noel Industries 10/80-D	1.79	38	52	8.76	32	51	.62	16	35	3.29	40	52	1.83	33	30	20.25	56	60	5.63	40	57	3.94	27	21	7.70	28	51
53	Olga Co. 12/80-W	3.88	19	27	13.25	21	33	.41	50	51	7.78	20	26	2.00	26	28	35.25	4	5	9.54	18	24	2.49	61	56	11.49	19	28
51	Onelta Knitting 12/80-M	3.68	20	17	23.51	7	5	.60	20	15	9.22	12	14	2.50	10	10	15.69	65	65	9.44	20	15	5.11	8	13	12.74	13	12
57	Oshkosh B'Gosh 12/80-D	7.75	5	8	24.27	5	16	.28	63	63	17.35	3	4	2.23	18	22	30.76	13	29	15.68	4	9	3.66	34	38	22.83	5	10
18	Oxford Ind. 05/80-D	2.18	31	36	8.16	34	37	.46	42	45	4.39	31	31	2.01	24	20	17.92	61	55	4.35	50	40	3.32	38	41	6.48	33	32
11	Palm Beach Co. 10/80-D	3.47	26	14	16.93	17	12	.60	20	26	6.61	24	16	1.90	31	29	29.98	16	21	9.47	19	14	2.95	49	32	12.44	16	16
43	Pat Fashions 11/80-W	4.46	17	23	17.46	14	25	.30	62	63	12.15	9	10	2.72	6	5	27.18	29	48	8.46	25	56	6.54	3	4	17.03	9	13
13	Phil-Van Heusen 01/80-M	2.02	34	37	8.53	33	36	.59	23	19	3.46	38	40	1.71	41	51	26.35	32	26	4.69	47	43	2.82	53	53	5.10	37	39
89	Profile Sports 02/80-D	– 2.66	56	41	– 11.88	57	39	.64	14	50	– 4.17	54	34	1.56	56	24	27.60	26	8	1.45	60	20	3.94	27	27	– 9.30	55	35
30	Puritan Fashions 12/80-W	– 2.12	54	21	– 20.98	59	2	.75	6	9	– 5.13	56	11	2.41	13	6	30.26	15	13	5.15	42	12	5.06	9	12	–13.83	60	4
54	Quality Mills 12/80-M	– 5.50	60	++	– 42.98	62	++	.76	5	30	–10.17	61	++	1.84	32	15	14.23	69	52	– 1.43	66	45	2.84	51	59	–17.94	62	++
61	Raven Ind. 01/80-D	4.77	15	11	19.55	12	7	.59	23	17	8.01	18	17	1.67	43	43	25.79	37	31	10.15	13	10	2.94	50	49	12.50	15	20
26	Russ Togs 01/80-W	4.79	14	12	14.32	20	32	.39	54	52	8.67	14	24	1.80	36	59	24.80	43	40	7.62	30	28	4.44	20	14	12.12	17	27
19	Russell Corp. 12/80-D	8.73	3	4	20.23	11	10	.38	55	52	12.41	7	8	1.42	62	63	28.29	24	25	16.02	3	4	4.07	24	26	15.61	10	14
16	Salant Corp. 11/80-M	.22	50	51	1.24	49	50	.70	9	9	.37	49	51	1.62	49	54	14.40	67	68	4.28	51	53	2.36	63	60	.74	49	50
38	Stanwood Corp. 08/80-M	5.24	+	+	19.08	+	+	.49	40	26	9.60	+	+	1.83	33	36	17.30	62	66	8.52	24	27	2.21	64	66	12.68	+	+
82	State-O-Maine 02/80-M	1.93	36	26	10.53	29	8	.60	20	7	4.17	32	28	2.16	21	30	29.24	19	19	7.14	33	29	3.24	42	48	8.02	27	15
42	Superior Surg. 12/80-D	3.22	27	35	10.96	25	39	.50	38	30	5.45	30	41	1.69	42	56	29.15	20	20	8.01	29	25	2.70	56	64	7.15	31	42
25	Tultex 11/80-M	4.13	18	16	17.23	15	19	.61	18	19	6.61	24	23	1.59	52	48	22.85	50	45	9.89	15	16	4.45	19	21	10.03	23	25
50	Unitog Co. 01/80-D	3.56	22	38	10.55	27	43	.44	47	40	5.84	29	42	1.63	48	59	44.02	2	2	6.90	35	40	2.77	55	57	7.66	29	44
5	VF Corp. 12/80-D	7.24	6	5	21.50	8	14	.38	55	59	13.19	6	6	1.82	35	46	30.90	12	16	12.02	10	11	4.07	24	19	19.28	8	9
9	Warnaco Inc. 12/80-D	3.56	22	20	15.48	18	15	.53	33	19	7.27	21	20	2.03	23	21	31.39	10	18	9.27	22	23	3.13	46	44	11.01	20	17
47	Wayne-Gossard 12/80-M	1.05	46	57	2.43	48	57	.46	42	56	1.30	48	57	1.23	66	40	19.82	58	62	9.42	21	61	2.09	65	63	1.56	48	57
48	Wilson Bros. 12/80-M	– 6.97	61	61	– 47.94	63	60	.77	3	4	–10.59	62	59	1.51	59	53	21.06	54	63	– 3.38	67	67	3.34	36	35	–16.23	61	59
28	Wm. Carter Co. 12/80-W	3.53	24	32	12.32	24	35	.52	35	40	5.89	27	33	1.66	44	38	26.19	33	42	8.30	28	30	2.44	62	60	7.11	32	38
29	Work Wear Corp. 12/80-D	1.91	37	24	6.61	40	30	.55	30	19	2.92	41	36	1.53	58	58	25.22	41	37	8.31	27	13	3.02	47	46	3.90	43	30

1979 rankings are based on original data and have not been recalculated for companies that have restated fiscal 1979 data.

Rankings in blue ink indicate relative standings for fiscal year ending in 1980.
Rankings in black refer to standings in the previous fiscal year based on the present mix of companies.

\+ *Extraordinary gains exceed 1% of net sales; therefore these companies are unranked.*
++ *Extraordinary deductions exceed 1% of net sales; therefore these companies are unranked.*
* *Unavailable*

MISCELLANEOUS and MULTI-INDUSTRY FIRMS

Company	Sales ($000)	Net Income ($000)	Net A.T. Inc. on Sales %	Return on Total Equity %	Total Debt to Assets	Return on Total Assets %	Sales to Total Assets	Gross Margin %	Oper. Margin %	Inv. Turns	Return on Invested Capital %
Biltmore Ind. 12/80	23,157	808	3.48	19.87	.67	6.52	1.86	29.28	5.85	2.96	19.87
Boss Mfg. Co. 03/80§	55,137	900	1.63	7.75	.50	3.83	2.34	25.48	6.34	3.72	4.62
Fownes Bros. 12/80	21,672	1,272	5.86	9.54	.17	7.87	1.34	26.89	12.02	1.63	9.54
Genesco 07/80§	834,683	3,453	.41	3.77	.71	1.05	2.55	33.07	2.08	2.98	1.70
Hart Sch. & Marx 11/80§	674,888	22,525	3.33	9.93	.43	5.59	1.67	38.85	5.28	2.35	8.03
Interco 02/80§	2,024,307	106,706	5.27	12.75	.32	8.61	1.63	31.83	9.43	2.84	10.74
Miller Bros. 09/80	33,302	371	1.11	4.47	.58	1.86	1.67	22.54	4.27	3.14	2.94
Opelika Mfg. 10/80§	69,098	-1,783	-2.58	-7.88	.61	-3.04	1.17	14.21	6.49	2.55	-5.02
ProGroup 09/80§	21,754	505	2.32	6.68	.39	4.05	1.74	27.69	5.35	4.05	6.04
Richton Int'l 04/80§	75,138	-11,655	-15.51	-76.88	.66	-26.08	1.68	36.36	-.91	2.47	-74.30
Spencer Cos. 06/80§	64,693	1,449	2.23	8.13	.36	5.15	2.30	35.10	5.12	3.46	6.94
Talley Ind. 03/80§	396,142	-5,870	-1.48	-6.28	.67	-2.01	1.35	17.78	-1.76	2.98	-2.81

§Multi-industry company; only a portion of total sales is apparel.

WHAT THE RATIOS MEAN

Net After-Tax Income on Sales — Net income divided by net sales and reported as a percentage. This figure is frequently labeled Return on Sales although KSA declines use of this title since extraordinary items are included in net income. Net sales is gross sales less discounts and allowances for returns and bad debts.

Return on Total Equity — Net income divided by total equity, reported as a percentage. The figure is a good measure of performance on behalf of the owners of the firm.

Total Debt to Assets — The sum of current liabilities, deferred liabilities, and long-term debt; divided by the book value of total assets. The quotient indicates the proportion of assets supported by creditor-supplied funds. Values usually range between zero and one. (Values greater than one indicate that a negative shareholders' equity exists.) Values approaching one indicate the possibility of high financial risk exposure. Whether that risk is short-term (i.e., likely deficiency of liquid assets to cover near-term debt maturities) or long-term, with its attendant contractual interest requirements, can be ascertained by dividing Return on Total Assets by Return on Invested Capital. This yields the proportion of long-term sources of funds in the financial structure. Very low figures may indicate management's unwillingness to take risks.

Return on Total Assets — Net income divided by the book value of total assets, converted to a percentage. This figure is often used as an indicator of the return on the total investment in the firm, irrespective of financing; although most analysts correctly suggest that to make this measure more precise, one must add tax-adjusted interest payments to net income before dividing.

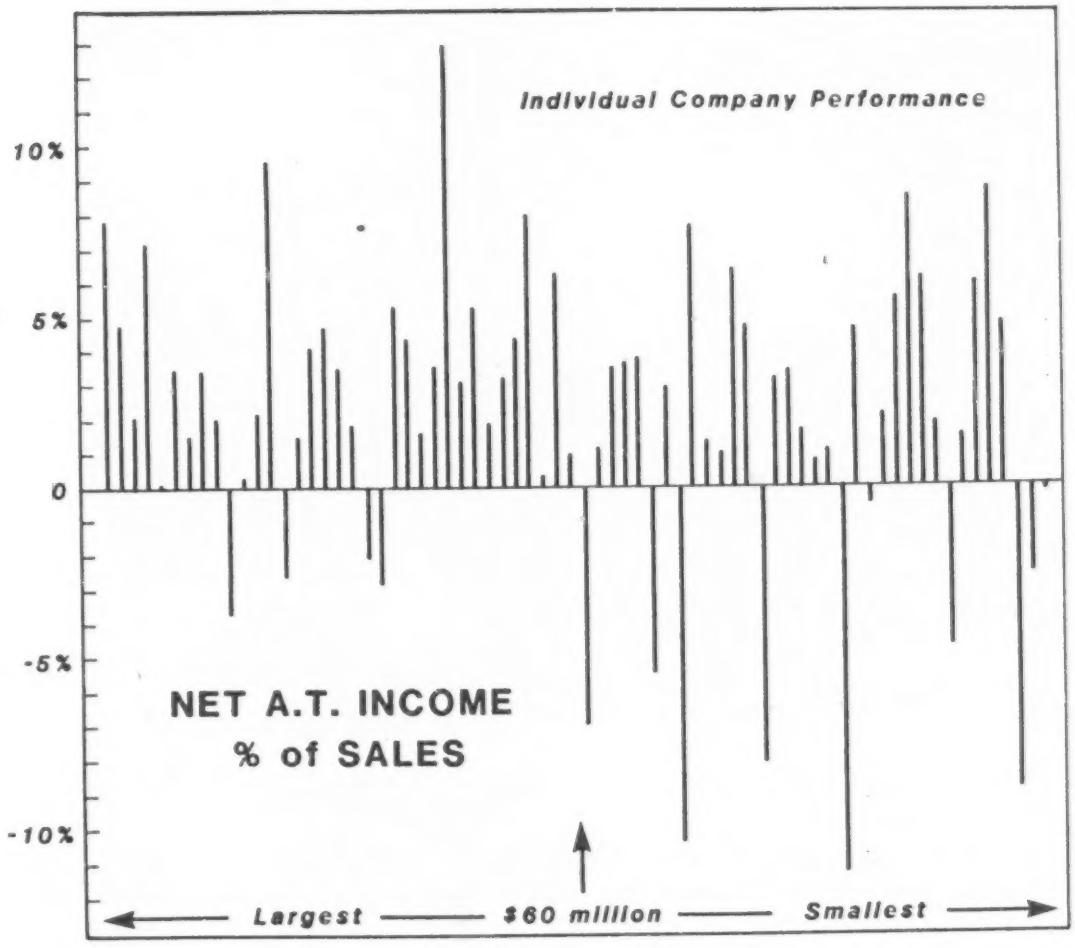
Sales to Total Assets — Net sales divided by total assets. This result is frequently called total asset turnover or simply turnover. Again, we are reluctant to use these terms due to the inclusion of intangible items in the total asset base. A high ratio may indicate inadequate planning for growth and/or operating at or above full capacity. A low ratio suggests overinvestment or inefficient use of assets.

Gross Margin — Net sales less cost of goods sold, divided by net sales and multiplied by 100 to make a percentage. The result is a good proxy for manufacturing profit.

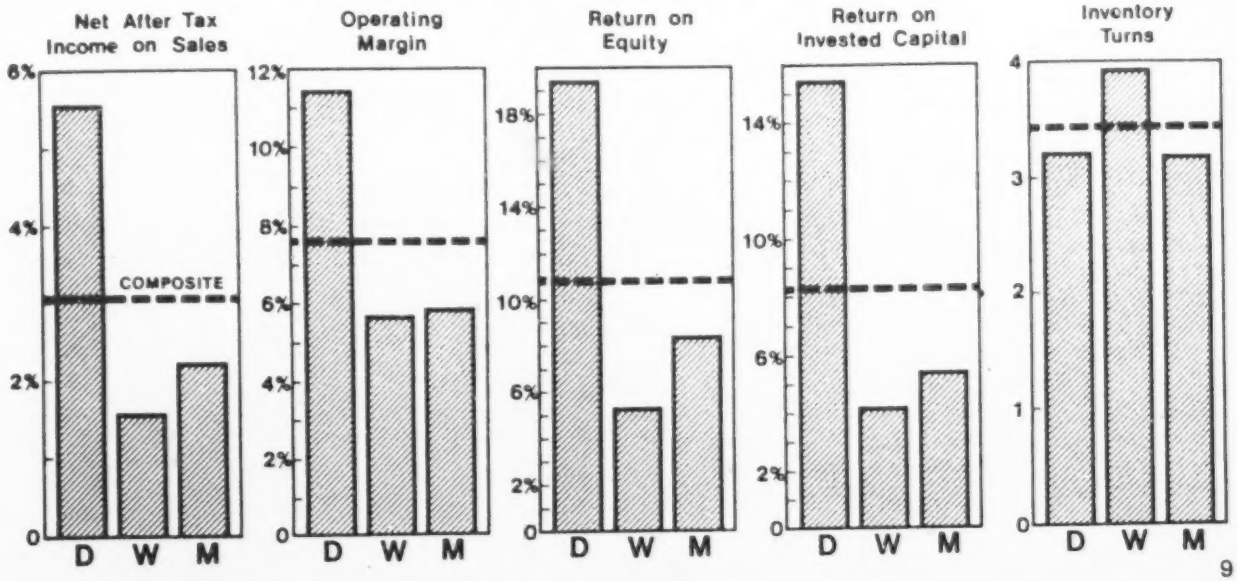
Operating Margin — Net sales less cost of goods sold as well as selling, general and administrative expense; divided by net sales and reported as a percentage. It is a good measure of a company's profitability on its primary, continuing operations.

Inventory Turns — Cost of goods sold divided by the average of the ending inventory for the year and prior year total inventory. Excessively high figures can be symptomatic of deteriorating customer service while unusually low turns can suggest unduly high safety stocks and the high cost of supporting them.

Return on Invested Capital — Net income divided by the sum of total equity and long-term debt. Many consider this figure to be the best single measure of performance for it represents the return to committed capital and is resistant to attempts to windowdress public financial statements.



FIVE YEAR PERFORMANCE INDICATORS



TOP PERFORMERS . . . BY THE DOZEN

Fiscal 1980

Apparel companies in the Profile who turned in the best 12 performances in three key ratios appear on this page. Previous rankings have been recalculated in some cases to account for the new company mix in this year's report.

NET A.T. INCOME ON SALES

	Company	Sales ($000)	Net A.T. Income on Sales %	1979 Rank
1	Kennington (M)	102,800	12.97	1
2	Bi-State Ind. (W)	7,892	8.78	45
3	Russell Corp. (D)	238,357	8.73	4
4	Levi Strauss (D)	2,840,844	7.87	2
5	Oshkosh B'Gosh (M)	42,557	7.75	8
6	VF Corp. (D)	633,770	7.24	5
7	Country Miss (W)	40,992	6.45	10
8	House of Ronnie (W)	62,666	6.37	9
9	King Louie Int'l. (D)	17,283	6.23	3
10	Nantucket Ind. (W)	18,062	5.60	42
11	Garan (M)	128,481	5.32	13
12	Fox Knapp (M)	7,312	4.85	22

RETURN ON TOTAL EQUITY

	Company	Sales ($000)	Return on Total Equity %	1979 Rank
1	Bi-State Ind. (W)	7,892	58.08	18
2	Nantucket Ind. (W)	18,062	36.78	24
3	Levi Strauss (D)	2,840,844	26.89	3
4	Country Miss (W)	40,992	26.32	4
5	Oshkosh B'Gosh (M)	42,557	24.27	16
6	Kennington (M)	102,800	24.12	1
7	Oneita Knitting (M)	54,022	23.51	5
8	VF Corp. (D)	633,770	21.50	14
9	Doe Spun (W)	23,143	21.01	6
10	House of Ronnie (W)	62,666	20.91	11
11	Russell Corp. (D)	238,357	20.23	10
12	Raven Ind. (D)	38,383	19.55	7

RETURN ON INVESTED CAPITAL

	Company	Sales ($000)	Return on Invested Capital %	1979 Rank
1	Bi-State Ind. (W)	7,892	58.08	8
2	Country Miss (W)	40,992	23.99	5
3	Kennington (M)	102,800	23.98	1
4	Levi Strauss (D)	2,840,844	23.05	2
5	Oshkosh B'Gosh (M)	42,557	22.83	10
6	Nantucket Ind. (W)	18,062	22.46	36
7	House of Ronnie (W)	62,666	19.70	6
8	VF Corp. (D)	633,770	19.28	9
9	Pat Fashions (W)	72,106	17.03	13
10	Russell Corp. (D)	238,357	15.61	14
11	Doe Spun (W)	23,143	14.87	3
12	Blue Bell (D)	1,397,760	14.75	7

cont'd from p. 5

sharp focus —and immediately becomes hard to focus on because it is so mixed.

Year-to-year consistency is the key factor; companies like Kennington, Levi, and Oshkosh B'Gosh are noteworthy for their annual appearance among the top rankings.

Recession No Problem

Did the second quarter recession affect some apparel companies differently than others because of their fiscal closing dates? Apparently not.

Among the 26 companies whose fiscal years closed through June, 1980, the average profit on sales ratio was 2.2%; the 44 firms with closings in the second half of the year averaged 2.1%. Thus, the general economy had little impact on performance.

Despite 1980's slight dip, performance is improving for public apparel companies. The five-year figures remain healthy over-all. Return on equity for all 70 companies has held at better than 14% for the last four years, as compared with the 9% reported in our first Profile for 1972. The diversified firms are challenging all manufacturing industries with their 19% ROE.

As a result, the investment community is showing new interest in public apparel stocks. One respected advisory service has ranked apparel in the top 25% of the industries it

TOP PERFORMERS OVER THE PAST FIVE YEARS

Five-year performances have been calculated in order to gain a long-term perspective. Below are the top performers in terms of their 1976-1980 figures. (Only those firms with five years of data were considered for this ranking.)

NET A.T. INCOME ON SALES

	Company	5-Year Sales ($000)	Net A.T. Income on Sales %
1	Kennington (M)	402,703	10.80
2	King Louie Int'l. (D)	56,287	9.64
3	Levi Strauss (D)	9,405,054	8.44
4	Hers Apparel (W)	124,559	7.95
5	Russell Corp. (D)	876,487	7.72
6	Oshkosh B'Gosh (M)	145,509	7.02
7	Jack Winter (W)	280,695	6.45
8	Blue Bell (D)	4,903,584	6.44
9	VF Corp. (D)	2,583,819	6.40
10	House of Ronnie (W)	219,746	5.80
11	Doe Spun (W)	77,818	5.32
12	Garan (M)	580,229	5.10

RETURN ON INVESTED CAPITAL

	Company	5-Year Sales ($000)	Return on Invested Capital %
1	Kennington (M)	402,703	27.17
2	Bi-State Ind. (W)	27,878	24.64
3	Hers Apparel (W)	124,559	23.89
4	Levi Strauss (D)	9,405,054	23.49
5	Oshkosh B'Gosh (M)	145,509	18.33
6	Blue Bell (D)	4,903,584	17.74
7	Fritzi of Calif. (W)	273,361	16.47
8	House of Ronnie (W)	219,746	16.06
9	State-O-Maine (M)	52,657	15.02
10	CS Group (W)	125,280	14.75
11	Country Miss (W)	151,053	14.60
12	VF Corp. (D)	2,583,819	14.51

RETURN ON TOTAL EQUITY

	Company	5-Year Sales ($000)	Return on Total Equity %
1	Hers Apparel (W)	124,559	39.58
2	Kennington (M)	402,703	27.50
3	Levi Strauss (D)	9,405,054	27.26
4	Bi-State Ind. (W)	27,878	24.79
5	Oneita Knitting (M)	222,838	23.62
6	State-O-Maine (M)	52,657	22.94
7	Country Miss (W)	151,053	21.41
8	Palm Beach (D)	1,328,432	20.90
9	Blue Bell (D)	4,903,584	20.39
10	Stanwood Corp. (M)	423,257	20.06
11	Oshkosh B'Gosh (M)	145,509	19.95
12	CS Group (W)	125,280	19.00

follows for the last several months. During the same period, there has been a spurt of activity and rumors (which amount to the same thing in this respect) about apparel industry acquisitions. Higher returns on equity, coupled with heavy discounts from book value in the market prices of many issues, have sparked interest in this long dormant sector of the stock market.

As noted, however, the big are getting quite a bit bigger in apparel these days, and the better medium-sized performers have been disappearing. Pickings are getting slim. Apparel is indeed becoming a more attractive industry.

COMPOSITE P&L DATA—1980

	Men's Wear %	Women's Wear %	Diversified %
Cost of Goods Sold	76.8	74.3	69.2
SG&A	16.8	20.2	20.0
Operating Margin	6.4	5.4	10.8
Net A.T. Income	2.0	1.7	5.2

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PROFIT AND LOSS DATA - BARCO OF CALIF

FISCAL PERIOD ENDING	JUN 1980		JUN 1979		JUN 1978		JUN 1977		JUN 1976	
	$	PCT	$	PCT	$	PCT	$	PCT	$	PCT
NET SALES	21967	100.00	22747	100.00	21759	100.00	21454	100.00	19419	100.00
- COST OF GOODS SOLD	16262	74.03	16455	72.34	16064	73.83	16081	74.96	13329	68.64
GROSS PROFIT	5705	25.97	6292	27.66	5695	26.17	5373	25.04	6090	31.36
- SELL. GEN. & ADMIN	4827	21.97	4955	21.78	4941	22.71	4595	21.42	3732	19.22
OPERATING EARNINGS	878	4.00	1337	5.88	754	3.47	778	3.63	2358	12.14
- INTEREST EXPENSE					19	0.09	49	0.23		
MISC. INC. OR EXP.										
INCOME BEFORE TAX	878	4.00	1337	5.88	735	3.38	729	3.40	2358	12.14
- INCOME TAX	406	1.85	615	2.70	384	1.76	319	1.49	1215	6.26
INCOME AFTER TAX	472	2.15	722	3.17	351	1.61	410	1.91	1143	5.89
EXTRAORDINARY ITEM										
NET INCOME	472	2.15	722	3.17	351	1.61	410	1.91	1143	5.89
EARNINGS PER SHA			0.31				0.18			

THE COMPLETE PROFILE

This issue of *Perspectives for Apparel Management* contains excerpts from the complete industry Profile, a print-out of approximately 600 pages produced by a computer program developed by KSA.

The full print-out covering five fiscal years ending in 1976 through 1980 is available for in-depth comparisons and study. It includes a compilation of five-year average performances in five pertinent ratios for all companies and industry segments.

For each of the companies, as well as the three industry segment composites and the total industry aggregate, the report contains:

1. Balance sheets in both dollars and percentages.
2. Income Statements in both dollars and percentages.
3. Statements of changes in working capital.
4. A comprehensive list of ratios, including:
   - — Current Ratio
   - — Acid Ratio
   - — Receivables Turns per Year
   - — Inventory Turns per Year
   - — Sales/Inventory
   - — Return on Sales
   - — Return on Invested Capital
   - — Return on Total Equity
   - — Return on Common Stock
   - — Return on Total Assets
   - — Operating Return
   - — Cash Flow/Sales
   - — Sales/Total Assets
   - — Sales/Net Worth
   - — Sales/Working Capital
   - — Fixed Assets/Net Worth
   - — Long-Term Debt/Invested Capital
   - — Long-Term Debt/Net Worth
   - — Long-Term Debt/Common Equity
   - — Total Debt/Total Assets
   - — Interest Coverage
   - — Total Coverage

In addition, composite data for the industry segment groupings are presented in the same manner as the individual company compilations, as sums of all company performances in each group.

Industry totals (with and without the multi-industry companies), and data comparing the industry segments with the total industry, as well as a year-to-year percent change analysis of nine pertinent variables for each company, industry segments and composite are also included.

A full print-out is available from KSA at a cost of $300.

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